

EX PARTE OR LATE FILED
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March 24, 2000

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

VIA HAND DELIVERY

Hon. Magalie Roman Salas
Secretary
Federal Communications Commission
The Portals
445 Twelfth Street, S.W.
Washington, D.C. 20554

**RE: Ex Parte Presentation - CC Docket No. 99-68; In the Matter of
Inter-Carrier Compensation for ISP-Bound Traffic**

Dear Secretary Salas:

On March 23, 2000, Lee Schroeder, Director, Government Affairs and Regulatory Strategy for Cablevision Systems Corp., ("Cablevision"), along with Chérie Kiser and Gil Strobel of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., counsel for Cablevision met with Rebecca Beynon of Commissioner Furchtgott-Roth's office and Howard Shelanski, Chief Economist, Office of Plans and Policy to discuss issues related to the above-referenced proceeding. Ms. Schroeder and Ms. Kiser also met with Jordan Goldstein of Commissioner Ness's office and Kyle Dixon of Commissioner Powell's office to discuss issues related to the above-referenced proceeding. During all of these discussions, Cablevision provided a copy of the enclosed summary of the New York Public Service Commission's Opinion and Order Concerning Reciprocal Compensation for the Commission's review. Dorothy Attwood of Chairman Kennard's office and Sarah Whitesell of Commissioner Tristani's office were also provided copies of the enclosed document.

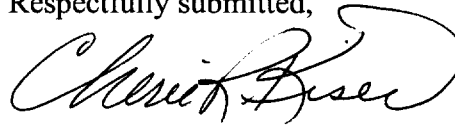
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In accordance with the Commission's rules, an original and two copies of this letter along with two copies of the attachment are submitted for inclusion in the public record. Please contact me if you have any questions.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Chérie R. Kiser". The signature is fluid and elegant, with a large loop at the end.

Chérie R. Kiser

Enclosure

cc: Dorothy Attwood (w/o attachment)
Rebecca Benyon (w/o attachment)
Kyle Dixon (w/o attachment)
Jordan Goldstein (w/o attachment)
Howard Shelanski (w/o attachment)
Sarah Whitesell (w/o attachment)
Lee Schroeder (w/o attachment)

Summary of the New York Public Service Commission's Approach to Inter-Carrier
Compensation for Calls to Internet Service Providers.^{1/}

In April, 1999 the New York Public Service Commission ("NYPSC") instituted a proceeding to re-examine reciprocal compensation -- particularly compensation for large-volume call termination to single customers, such as Internet service providers ("ISPs") and chatlines, that receive far more calls than they make (i.e., "convergent" traffic).^{2/} After exhaustive discovery, a thorough administrative hearing (including an opportunity for cross examination of witnesses and experts), and a full round of briefing, the NYPSC concluded that:

- ISP-bound traffic should be treated as local, finding that there was "no sound reason to treat ISP traffic differently from other convergent traffic;"^{3/}
- Convergent traffic can be terminated more efficiently and at lower costs than other traffic, and should therefore be compensated at a lower rate than non-convergent traffic;
- Carriers with a ratio of incoming to outgoing traffic greater than 3:1 for a three month period shall be presumed to carry a substantial amount of convergent traffic and should be compensated at the ILEC's end office rate for all traffic over the 3:1 ratio, unless a particular carrier can rebut this presumption. (Traffic below the 3:1 ratio continues to be compensated at Bell Atlantic's tandem rates in accordance with FCC rules);
- A carrier with a traffic imbalance greater than 3:1 can "rebut the presumption" by demonstrating that it is a full service, facilities-based carrier "investing in a network with tandem-like functionality, designed to both send and receive customer traffic."^{4/} A carrier that successfully rebuts the presumption is entitled to receive the tandem rate, or the existing contract rate,^{5/} for all traffic (including ISP-bound traffic) it terminates for another LEC.

The NYPSC's Order encourages true facilities-based competition by ensuring that full service, facilities-based carriers -- whose networks are designed to serve a wide range of

^{1/} See Proceeding to Reexamine Reciprocal Compensation, Case 99-C-0529, Opinion and Order Concerning Reciprocal Compensation, Opinion No. 99-10 (issued August 26, 1999).

^{2/} Id. at 1-2.

^{3/} Id. at 58.

^{4/} Id. at 57.

^{5/} The NYPSC made clear that its decision did not modify the terms of existing contracts, except to the extent those contracts explicitly incorporate the tariffed rates affected by the NYPSC's Order. Id. at 60. In addition, ISP

residential and business customers dispersed over a broad geographic area -- are adequately compensated for the traffic they terminate. At the same time, the Order ensures that those carriers with more limited networks designed to specialize in terminating predominantly one-way traffic to relatively few customers are not overcompensated for the traffic they terminate.

traffic is to be included in the reciprocal compensation provisions in existing interconnection agreements, unless an agreement explicitly excludes such traffic. Id. at 60-61.